

## **Dallas - Fort Worth Industrial Real Estate Development with Michael Tran**

**Dan Breslin:** All right. Welcome to the Rei Diamond show today we have Michael Tran with us. Michael Tran is an associate vice president in the colliers, international Dallas, Fort Worth

**Dan Breslin:** Real Estate Office, where he specializes in acquisitions and dispositions of industrial properties in the Dallas Fort Worth area, and throughout Texas he has a background driving more than 600 million dollars in value through leasing, and has closed more than 900 commercial real estate deals to date. Michael, welcome to the show.

**Michael Tran:** Diane, thank you for having me. I'm honored.

**Dan Breslin:** Did we get the stats right there in the intro? Sometimes they're a little old when they're on LinkedIn.

**Michael Tran:** Oh, yeah, yeah. You know, we're we're probably a little bit over like 9 50. Now, you know, we've had a little bit of slow down last year or 2. But you know, we're a team of 5 guys who

**Michael Tran:** been out in the industry for over like 50 years combined. So we've got some heavy deal volume. We try to do at least 50 to a hundred transactions a year on the multi 10 industrial side.

**Dan Breslin:** Nice.

**Dan Breslin:** So I am going to start us in a little bit of a unique philosophical place. If that's okay, this is this is not going to be like a question. I have a little little bit of verbiage here to package this.

**Dan Breslin:** so we have on one side of the coin, Sam Zell, and for anyone listening who does not know who Sam Zell is, Sam built a very large, multifamily portfolio. I believe he sold that. He built one of the largest mobile Home Park portfolios in the country. I believe he may have sold that he may still own it

**Dan Breslin:** or his company, and he was probably the

**Dan Breslin:** most known recently for timing in the office market and exiting equity office properties. I believe it was in 2017, and looking back, what we all know about office now, I mean, that was like impeccable timing. And unfortunately Sam Zell passed. So that's Sam Zell and Sam Zell's philosophy was. There's way too much risk in developing real estate. There's way too many assets out here that can be bought.

**Dan Breslin:** You know, cheap compared to having to take on the risk of development. So he did not get into development. And I'm not sure. I'm sure you know, somebody in the comments knows he built something and got burned on it. I don't know all the details as to whether they did any development, but his main philosophy was like buy existing

**Dan Breslin:** to mitigate the risk, and then, on the other side of the coin, we have Trammell Crow, Trammell Crow for those listening that may not know that name. Trammell Crow is a probably one of the largest developers in the country right now, 50 60 billion dollars in maybe assets or transactions. Big big number, regardless of the detail of how that number is constructed.

**Dan Breslin:** Trammell Crow started developing. This was a guy. His name was Trammell Crow. He started. I believe he was from Texas, and he built his 1st

**Dan Breslin:** warehouse deal in the 19 forties, I think, and then he went on to build a ton of warehouse, owned trucking companies. The trucking company fed him with

**Dan Breslin:** tenants so that he could build to suit and develop new warehouse deals for these tenants so clearly Michael Trammell Crow made money on development, and the company must still make money on development. So we have Sam's L by existing, and that's always been my thing. It's always existing houses. I've never brought a house vertical out of the ground.

**Dan Breslin:** and then, on the other side of the coin, we assume tramel. Crow is making a profit, or they wouldn't continue to keep putting these developments and bringing them vertical out of the ground, and in doing the research for the show you had made comments about development and bringing

**Dan Breslin:** multi-tenant flex space out of the ground. And so I'm curious like.

**Dan Breslin:** who does it work for profitably. Maybe there's a

**Dan Breslin:** a client avatar, or just some thoughts and insights as to why you would direct one or multiple of your clients to develop anything when we have those 2 dichotomies.

**Michael Tran:** Yeah. So you know, I'll start off with where a lot of these properties are being built. So a lot of them are built kind of outer skirts of Dfw high growth areas.

**Michael Tran:** you know, when you buy land outside the county, you can kind of build.

**Michael Tran:** you know, without a lot of restrictions from the city.

**Michael Tran:** So we've seen a lot of guys who have gotten into this space on accident, and they've done super well. And they find out after we call them. Hey.

**Michael Tran:** you can sell this for almost double, or almost, you know.

**Michael Tran:** \$80 higher than what you built it for per square foot, right? And so these guys that have discovered that they're like, maybe we should just start building this everywhere in the right areas and not have to run into

**Michael Tran:** all the permitting all you know, some of these guys can turn a project around in, you know, 12 to 16 months.

**Michael Tran:** and what makes it easy for these guys is because if you follow the home growth correctly.

**Michael Tran:** the lease up is there, and you can have it almost stabilized upon completion, because, as you put up the building, you know, attendants gonna see it, they're gonna call you. You're the owner out there. You're getting it built. You're talking to them. You know you strike a deal that day.

**Michael Tran:** And so that's how a lot of our clients, you know, in the last 5 to 8 years have exited was just because a little bit of luck, you know, found the right spot. They knew, you know, parts of Dfw were gonna explode, and they kind of built up around these projects. And they're all doing very well. Very well stabilized.

**Michael Tran:** I would say. You know

**Michael Tran:** the vacancy on a lot of these in the right areas can be almost 0% but if it's in the wrong areas, I've seen it kind of be float around that 80 to 85% least, just because the area has gotten overbuilt. And that's been another thing

we've been tracking as well. But also, if to buy existing on these, that was one of your questions. Right was, should you buy.

**Dan Breslin:** Yeah, I mean, that's.

**Michael Tran:** She!

**Dan Breslin:** Yep.

**Michael Tran:** Yeah. Yeah. And there's some that you know, older product, you know, 1980 stuff that we still sell out here for very high price per foot. You know that stuff almost becomes infill, and you can't replace that. And so that also, if you can execute on a good business plan. You can. Probably, you know.

**Michael Tran:** with what we're tracking. We're seeing institutions start to buy up this stuff. Finally, whereas, you know, 2 years ago we'd call them, and they would say they would just hang up the phone like they had no interest in this stuff, right? And you know, as of our last pull we did on re owned

**Michael Tran:** multi-tenant flex. It is now

**Michael Tran:** I think we're at 24% institutionally owned, whereas a few years ago we were only 18%. So it's gonna trend to where we can see this in the next 8 years, probably getting up to 50%, even higher.

**Dan Breslin:** Wow.

**Dan Breslin:** So let's pull apart the thread on. Maybe some of the numbers. So a client could sell this deal for \$80 a foot more.

**Dan Breslin:** What year if we could like? Take an example. Deal without sharing any confidential information on it? Maybe. You know. What year was it built? Do you know what the cost per foot was to build it? And maybe you know the weighted lease average per foot price in place on something like that, and then what would be the exit per foot.

**Michael Tran:** Oh, yeah, yeah, for sure. So I won't talk about anything, you know, in the last 3 years. Inflation is just, you know, driven construction costs up. But

**Michael Tran:** for what we're seeing right now. For a simple average build all in cost. You're about 1 15 for a very basic bill per square foot.

**Dan Breslin:** That's now, or that's a few years ago.

**Michael Tran:** That's now. A few years ago you were you were in the eighties, maybe even lower and those guys were selling at, you know, 1 30 to 1, 40 a foot back then

**Michael Tran:** versus. Now we're seeing. If you're building in the right areas.

**Michael Tran:** you know, there's lots of good parts of Dfw. There's lots of good parts of Texas. You know, we've even seen guys in Oklahoma get some really good pricing as well. But back to your point, if we are looking at good parts of the metroplex, or you know, and we do these studies for a lot of our clients looking to buy this stuff or build we'll run them a

**Michael Tran:** site analysis where you can actually project a rental rate. So a lot of these

**Michael Tran:** to help get to that value I'm talking about at the end.

**Michael Tran:** You're looking at anywhere between, you know. 14 to \$18 per square foot triple net.

**Michael Tran:** So backing that into a good area building at, you know, 1 15. Maybe you dress it up a little. You get it up to like 1 25 a square foot on the all in build cost.

**Michael Tran:** You're looking at an exit right now. I just took out a deal in Bernie.

**Michael Tran:** which is priced at 200 a square foot right now, and they built it for around 1, 2123, I think.

**Dan Breslin:** And they they finished that in the last, like 12 months to construction or or.

**Michael Tran:** Yeah. Brand brand new construction. 2023 just finished the last building a few months ago. And now they're 95% leased

**Michael Tran:** in that timeframe and we have it on market now. Fielding offers good deal. There's another one. I don't know if you're familiar with Buda Texas, which is south of Austin.

**Michael Tran:** Just evaluate a deal out there that one's at about 1, 85, a square foot.

**Michael Tran:** They built that one for around 1, 25

**Michael Tran:** a square foot on that deal. So.

**Dan Breslin:** And are these institutional buyers that are paying? Are these reits that are buying at that price? Point.

**Michael Tran:** For these 2. So one's going to be probably above 20 million, that one institution probably. Look at the Bernie one. We're probably going to do a high net worth fund out of California or high net worth private guy.

**Dan Breslin:** And how big was, how big were each of those ones. So 20 million is what a hundred 1,000 square feet.

**Michael Tran:** That one. I think we're sitting at about one.

**Michael Tran:** 20, yeah 120,000 square feet on that. One can't remember specifically. But then this Bernie one is actually 60,000 square feet. So it's a little bit easier to manage

**Michael Tran:** but it's it's just a smaller price point. So institutions, not gonna scoop that one up.

**Dan Breslin:** Got it. So a high net worth individual buys this 60,000 square foot flex space.

**Dan Breslin:** In a few moments we'll see our conversation in a little bit around. Why Texas and Fort Worth and Dallas and the Metroplex are such promising markets for this kind of product.

**Dan Breslin:** It's a loaded question, because I have a lot of opinions that I think I have on my own, and I like it for those reasons. But I'd be curious to hear what you'll have to say in a few moments. But this high net worth individual is buying 60,000 square feet. What are the size of the bays, and what is the level of his or her active management to own this thing for the next 3 to 7 years, or however long they carry it.

**Michael Tran:** Yeah. So you know, for your bay depth, you'd never really want them to get too deep. I think the deepest I've ever seen is like 70 feet

**Michael Tran:** but overall, you know, these guys are also looking to. I'm sorry. What was your second question of that.

**Dan Breslin:** Yeah, it was.

**Dan Breslin:** you know. What is the size? So maybe like square foot of each suite each.

**Dan Breslin:** Oh.

**Michael Tran:** Yeah, yeah, so, so, yeah.

**Dan Breslin:** And then the management. Yeah.

**Michael Tran:** Yeah. Yeah. So for the space size, the highest demand in the like in Texas actually is 1,800 square feet. That is like your sweet spot. It's the fastest to lease.

**Michael Tran:** You know. You'll you'll throw in like 2,500 square feet here and there, but also a lot of the guys here that are building in the county. They do not want to exceed each city's sprinkler requirement.

**Michael Tran:** so you'll see a lot of odd numbers that are like a building that's like 5,950 square feet, because you got to stay under 6,000 square feet to avoid sprinklers. You'll see some other cities, you know. Theirs is a little bigger, so you can do like a

**Michael Tran:** 7,000 square foot building, you know, not exceeding 8,000 stuff like that. As far as management. There's a lot of good local shops that do really. Well, cause they're pretty hands on. They're out there, you know, these tenants.

**Michael Tran:** What's funny is you'll find a lot of them just driving to the property. So if you just place somebody there. You'll just have at least up just because people are coming through on the drive by. And also what we've also found that Facebook marketplace

**Michael Tran:** is a super great place to even find tenants for this stuff. It's almost as if it's like the Craigslist back back in the day.

**Dan Breslin:** That.

**Michael Tran:** Yeah, yeah.

**Michael Tran:** And so we'll just see a lot of guys come off of those platforms. And then, of course, you know, if you have a leasing agent on site as long as they're picking up the phone you should be able to get at least up. But these are

very high volume agents that need to be signing 2, 3 leases a week because these deals, you know, most of these guys.

**Michael Tran:** They don't lease any longer than 2 3 years. Max.

**Dan Breslin:** We're building something like 400,000 square feet of self storage in a partnership that I'm in in the northeastern section, United States very constrained market. That's why we opted to do that. Your build costs are exactly what they were when we were mapping this thing out 3 years ago, when we were 1st looking at these deals, it was it was 80 bucks, \$89. I think we're coming in at 110, and this is like self storage. It's not flex. We are building some, probably

**Dan Breslin:** 30,000 square feet of flex on the front of one of our our locations there in that one and

**Dan Breslin:** having the chance to look in the window of.

**Dan Breslin:** and we probably have in in the ones I'm an owner. We probably have another 1 million plus square feet of existing.

**Dan Breslin:** And it's like.

**Dan Breslin:** it's like running a store, Michael, you're like.

**Michael Tran:** Oh, yeah.

**Dan Breslin:** Constant transactions right for self storage, and I don't own much, if any, other than what we're building of the Flex, and I have a lot of friends who do, and it sounds like it's not quite this crazy fast hamster wheel, but it is actually pretty high touch compared to. If we had 150,000 square foot, single tenant

**Dan Breslin:** trammel, crow, style warehouse with one tenant. You're gonna have nothing to do. The high net worth individual has nothing to do other than shoulder the risk of that tenant leaving, which is pretty freaking high.

**Dan Breslin:** But if we're looking at the flex space, the roof is going to move out. The painter Guy is going to move out, and there's a waiting list, probably of 2 other roofers and 2 other painters who like, want that space immediately when you're in this high demand market. So you have a better risk profile with more tenants. But that comes with more attentiveness. That's going to be involved from the owner and the manager, and one of the challenges we have. And I'm curious your insight on this is

**Dan Breslin:** the operators I know personally who

**Dan Breslin:** are succeeding in this space are taking the phone calls themselves.

**Dan Breslin:** or they have this leasing broker on their team, because leasing commissions on a 1,600 square foot, 1,800 square foot space.

**Dan Breslin:** They aren't as juicy as a single tenant, 150,000 square foot. Morgan Lee warehouse, with a multinational tenant that takes that's a big commission. We're talking 6 figure commission when Morgan Lee signs on the single tenant thing. So

**Dan Breslin:** I've noticed in my limited experience as a commercial real estate investor, I've noticed that the highest caliber talent is going to go after the highest net volume of deal, and so that leaves this window in the 2,000 square foot space where maybe it's the new brokers coming in.

**Dan Breslin:** Maybe it's the owner, the owner, and the owner's team have been the highest performing people I've seen running that lease up and at constant

continuous leasing. But what other like insights, or maybe tips? Do you have? What are you telling your high net worth, client? Who's going to buy

**Dan Breslin:** the 60,000 square foot space like what? What is their best course of action to maintain the leasing velocity that that developer probably was incentivized to have high leasing velocity because they're looking to payday. But how does the new owner, the high net worth individual and person, in their management company like, how do they continue to keep that going?

**Michael Tran:** Yeah. So most recently, the, I have 2 deals I'm about to take to market, actually. And both owners have offered to stay on the management

**Michael Tran:** and make sure. You know they keep that face. You know that rapport they've built up over the years. A lot of the buyers that are buying this stuff from out of state. They're like.

**Michael Tran:** I don't know this market. I've never heard of Tyler, Texas. And what am I going to do here, and there's a lot of good local guys that will always do a really good job for you. But if you can keep that owner to manage it for the next 2 years and help you execute on that plan.

**Michael Tran:** I've seen that. And then also one of the groups we're working with right now. They're also a real estate company as well, but we've teamed up to sell the deal with them.

**Michael Tran:** and

**Michael Tran:** they said, Hey, I'll just have my residential company manage this for me. I'll throw it in

**Michael Tran:** for free. So

**Michael Tran:** these guys, you know, they can reduce that on their operating expense for 2 years, and then we can help them execute on a plan because

they're motivated to go buy another deal. That's just one of them. But that's 1 of the ways we've been seeing success

**Michael Tran:** as well as

**Michael Tran:** You're right. Your your owner is going to be the best leasing guy, because you're going to be the 1st one there to meet the tenant who's driving on site like I told you earlier, or you do have to get a young hungry agent.

**Michael Tran:** new in the industry, who, you know, is nearby, and can be there within 5 min, because most of the time when that tenant is calling off your sign. They're probably already there. And you can probably actually, there's a leasing guy on our team here who has executed probably 4 leases in the last week.

**Michael Tran:** just because he brings a lease with him for them to review after he shows them the space. So just getting an agent that's well prepared, but I think at the end of the day yes, you know, being the owner, leasing it yourself, having a simple, you know. 2, 3 page lease.

**Michael Tran:** Is the best way to go with these things.

**Dan Breslin:** Yeah, a hundred percent. So in your career, you started off in leasing. I'm curious.

**Dan Breslin:** Did it kind of take that trajectory? Did you start off on some smaller stuff, or did you? Did you just happen to jump into like larger scale, leasing early on.

**Michael Tran:** Yeah. So for me, I I started at a boutique firm. And so you know, they had a need. They're like, Hey, we've got some listings you can work on. You can build it up if you want. So I worked a lot of the mid cities here in Dfw. And

**Michael Tran:** So I just got kind of thrown into the pool, and they're trying to see if I could sink or swim. And what's funny is they're like. We don't know if this guy will make it. He's kind of monotone.

**Michael Tran:** but they didn't know that I did care. Just you know this voice is like hard to like show any expression right? So turns out I start cranking out like 80 leases a year, and I was like going. I was spinning left and right. And you know, one of the things was, I had 2 product types I was covering, which is retail and office.

**Michael Tran:** And then I started seeing these like flex fields, and I'd call them, and you know most owners would never give me the listing on them, even though I was like, hey? That's like a good asset to like work on, you know. It's like, seems easy. And

**Michael Tran:** you know, most of the time I call those owners. And they're like, Hey, we're fully leased like, we don't need any help. We just renew. So that's how I got started was just being a young.

**Michael Tran:** hungry agent fresh out of college.

**Michael Tran:** and I just started running with it. And you know I did about, you know, 50 to 80 leases a year, and I had a very high stress volume at home, but you know I loved it all, and I learned a lot, and you know I wouldn't give it up for anything.

**Dan Breslin:** What was the average square foot size of each of those leases.

**Michael Tran:** I would say my average was

**Michael Tran:** 3,000 square feet early on and then it doubled

**Michael Tran:** after my second year, and then after that I hovered around like the 8,000

**Michael Tran:** square foot range. Because I, you know, since I was boutique, I didn't want to go chase anything higher than 15 to 20,000 square feet, because, you know, all the the bigger shops are already going after those. And then you just had, like mid level firms also trying to get in with those guys. So I just stayed in my arena and it just kind of worked for me and I had probably

**Michael Tran:** over like 60 70 listings at 1 point in time. And so I just kept working. Move tenants here move tenants there, tenants that knew me. They'd call me because I just had such a high concentration of buildings in one area. So they just knew like to reach out. And you know, we could just try to match them with another listing or so.

**Dan Breslin:** So I'm assuming most of the leases you're working on. You're dealing with like Mom and pop owners, meaning there's some person here that makes the decisions on the lease, and probably operates a lot quicker. I mentioned Morgan Lee in my 150,000 square foot example. That's an international tenant.

**Dan Breslin:** I don't know. There's probably a board. There's a legal team. It's not like one person's making a decision in 2 page lease, probably a hundred page lease, and they probably move very slow compared to what

**Dan Breslin:** you've had experienced in your career, Michael. And I think that's exactly why the flex space maybe, has this higher leasing velocity because you're not waiting for

**Dan Breslin:** I mean, you certainly don't want to like. Send them the lease and have their attorney look over it. They'll be glad to do that if that's what your instruction is. But there's this benefit to dealing with people who can make decisions quickly. And now you could fill your space quickly. If they do move,

you could fill your space again quickly, so it lowers your risk profile even a little bit further, I think, than much larger asset class.

**Michael Tran:** Oh, yeah, yeah. And you know, I

**Michael Tran:** kind of just got it's funny how I got into real estate, you know. It was a friend that said, Hey, I think you'd be good at. This

**Michael Tran:** is all he said, and I said, what is this commercial real estate? You know. What is this

**Michael Tran:** like commission. Only thing

**Michael Tran:** my parents will probably kill me. But you know what it sounds interesting, and you know he's like uncapped income. And I was like.

**Michael Tran:** I was like, okay.

**Michael Tran:** So I started looking into it more. And you know, I wasn't ever, you know, really, from like an area where I was like

**Michael Tran:** silver spoon kind of guy or country club guy. And so

**Michael Tran:** next thing you know, I'm like in this industry, I was like, I'm working with these mom and pops easily, you know I can relate to them. And it just kind of worked better for my personality, and it still has to this day. Even, you know, working with these like institutions, we're starting to talk to more now, which I'm getting used to. But before you know, it was just

**Michael Tran:** a lot of people that kind of just like like you and me.

**Dan Breslin:** Yeah, it makes sense. So on a cap rate. Is there any example? It's funny, like you mentioned these names. I forgot to write them down, and you're like, you probably never heard of Butte, Texas, or whatever it was. And I was like, yeah, I didn't hear about the other one, either. I don't know any of these city names, but is there any framework, maybe, for cap rates? Just 200 square

foot deal is like brand new construction. Maybe it's going to the institution at 20 million. What type of cap rate is the exit that you think would occur there.

**Michael Tran:** You know, for flex. It's such an interesting asset class where we speak to so many owners, and I don't know who they talk to to like get their cap rate, or where they pull their cap rate from. But you know, it's it's an educating process, because on the cap rates. It's not as easy as like.

**Michael Tran:** hey? This Starbucks is the same Starbucks that's going to be here for 15 years, or this Mcdonald's that's going to be a 4 cap here, and that Starbucks is a 6 and a half there. Each market leasing velocity is different.

**Michael Tran:** Each market has, you know different average occupancy, rental rate growth.

**Michael Tran:** You know, population growth as well. A lot of them have different, you know, spending per capita. And so

**Michael Tran:** so when you have to like, take in each market little niche specific things, and what's good about it?

**Michael Tran:** They kind of get maxed out on

**Michael Tran:** their value that you can bring to each one. So I say that because, like, you know, we've sold stuff at a 4 cap

**Michael Tran:** in a really great area

**Michael Tran:** of Dsw. Like North Fort Worth, which is like one of the highest growth areas, right and.

**Dan Breslin:** And let's like, stay on that for a moment. So a 4 cap in North Fort Worth. It's a high growth area. But what else about the deal made that buyer say, Hey, this thing works. And when was this? Was this in the 2 or 3% interest time? Or is this, like in the last 18.

**Michael Tran:** This was last year. Yeah, yeah.

**Dan Breslin:** So, for for, like an example for listeners who may not really grasp the whole cap rate, conversation, would I be

**Dan Breslin:** close if I'm estimating the interest rate you're paying on a loan is probably 6% for a well qualified borrower.

**Michael Tran:** Oh, yeah. Yeah.

**Dan Breslin:** And they're buying it at a 4% return. So they have negative leverage. So like, how did they make sense of that deal? Maybe a little bit of the business plan would help kind of.

**Michael Tran:** Oh, yeah, yeah, for sure. So it was a forecast because there is a lot of value. Add the owner that owned it

**Michael Tran:** never fixed anything.

**Michael Tran:** It was just a very junky park that was built in, you know, 2,010,

**Michael Tran:** and never cleaned it, you know his expense ratio, I mean, he was paying like a dollar a foot in expenses.

**Michael Tran:** and that's just not market average. So we, you know, we applied all of the market average stuff expense wise. And then

**Michael Tran:** he put down 50%

**Michael Tran:** on that deal.

**Michael Tran:** and he's executing a plan to bring up

**Michael Tran:** the rates because his rates were half of what market

**Michael Tran:** rates are.

**Michael Tran:** and so he's doing that all right. Now, cleaning up the park, you know, getting rid of all the handshake deals that that previous owner had done.

**Michael Tran:** And now he's putting in real leases \$12 triple net. And he's gonna probably look to sell that in a year or 2.

**Dan Breslin:** What percentage of an increase do you think his business plan adds in value, assuming the market doesn't do anything crazy.

**Michael Tran:** I think he's gonna probably be able to sell it for

**Michael Tran:** of

**Michael Tran:** I'm gonna say, 1 60, a square foot.

**Dan Breslin:** And his all in will be.

**Michael Tran:** As all in will be probably a hundred, 10.

**Dan Breslin:** So he's talking about like, I don't know what it is. 50%, 40%

**Dan Breslin:** gross profit margin somewhere in there in.

**Michael Tran:** Yeah.

**Dan Breslin:** A 3 or 4 year period, and a State that that property stabilized North North Fort Worth phenomenal area.

**Dan Breslin:** What what would you guess would be like the cap rate someone's going to pencil out, I mean, is that going to be a negative leverage, too, because they're looking at like future growth in the rent. Or is that going to be more in that like 6% give or take range, because that's where interest rates are.

**Michael Tran:** No, yeah. So that's a perfect segue to you know his exit plan. Since he's probably gonna Max out a lot of the value. It's gonna be closer to 7 and a half, 7, 7, 5 on the sales. Price.

**Dan Breslin:** Okay, so cap, rate, right?

**Michael Tran:** Yeah. Cap. Rate.

**Dan Breslin:** Yeah, okay.

**Michael Tran:** After he's executed his plan. There's really no more value there for the next buyer. It's just gonna have to be, you know, another common buyer we've seen that have come into this space is multifamily guys

**Michael Tran:** who are, you know, and

**Michael Tran:** for the last 10 years, multifamily, guys have had a great.

**Michael Tran:** But now it's finally our turn. And now they're realizing. Hey, we can go buy this flex stuff. The tenant doesn't live there. We don't have to change sinks.

**Michael Tran:** countertops, carpet paint anymore. We just sweep a warehouse, do a 1 or 2 year lease with these guys. They love it. You know, we've had so many multifamily, people come into the space.

**Michael Tran:** So

**Michael Tran:** that's been a really big thing where, you know, we're getting a lot of multifamily guys who are like, yeah, I like this. 7 and a half, 7, 7, 5, you know. Cap rate, this isn't bad.

**Dan Breslin:** I'm running. I'm going to run through that example a little further here in a minute.

**Michael Tran:** Yeah, sure.

**Dan Breslin:** So here's what I'm doing the math. If anyone's watching the video.

**Dan Breslin:** So it's like, why do I want to buy the 7.5% cap rate. And if I'm like a hands off kind of person, I don't want to do the paint job. I don't want to renegotiate the expenses. I don't want to put Blacktop down. I don't want to paint the parking lot. I don't want to paint the garage doors and change a few of them out.

**Dan Breslin:** The 7 and a half makes sense, because I put 30% down, give or take. And I'm borrowing money hopefully at 5 and a half or 6% interest.

**Dan Breslin:** Now, I've set myself up for a big win. If the market, the Macro market moves at some point in the future, and the interest rates come down, and suddenly I could get call it 4 and a half percent. I think it would take something pretty catastrophic for us to see the kind of interest rates we just got done witnessing through Covid. I don't think we'll see that again for at least 10 or 15 or 20 years, till the new kids, who aren't even in college yet start to come into leadership roles.

**Michael Tran:** Yeah.

**Dan Breslin:** And they and they forget about what we're going through right now. So 7 and a half percent to 6 and a half

**Dan Breslin:** is a 1 and a half percent return on the full value of the money. And when you add the down payment in, obviously, you're making 7% 7 and a half percent on that down payment money as well, and you shouldn't have too much in the way of Capex. The roof should be good and

**Dan Breslin:** parking lot and all those items. So I mean, I just did a \$300,000. Noi. That may or may not be close to the deal, but it's not relevant to accurately talk about that deal. But for the example, if the building is generating \$300,000 a year net, after all the expenses.

**Dan Breslin:** at a 7 and a half cap. We have a 4 million dollars valuation.

**Dan Breslin:** So let's say I buy it at 7 and a half. It's 4 million. The interest rates stay the same.

**Dan Breslin:** but we have something that's known as cap, rate compression come through and cap rate compression is what happened in self storage where

in 2017 I don't know. It was probably trading at 9, 10% cap rate. No one wanted it.

**Dan Breslin:** and then it got to be a hot product, and all of a sudden the cap rate compressed. It went down, and it's trading at 6 and a half, 7%, 5 and a half percent. The numbers got crazy. So if we saw

**Dan Breslin:** what did I do? I think I did a

**Dan Breslin:** a 6 and a half at a 6 and a half percent cap rate. So if this product continues to heat up like, you're saying that it will, Michael

**Dan Breslin:** me as a buyer on this deal, making 300 grand a year. If if the market prices kind of go from 7 and a half percent cap rate to 6 and a half percent cap rate.

**Dan Breslin:** the value would be 4.6 1 million. So it'd be 600,000 for not doing a whole hell of a lot. And we've seen that kind of cap rate movement occur as economics are good and growth continues, and all the things that doesn't even count for any rental rate inflation and increases that we might see

**Dan Breslin:** what are some things about the North Fort Worth, maybe even the entire Fort Worth, Dallas, Texas market. That might kind of be the catalyst for some of that cap rate compression. Michael.

**Michael Tran:** You know, I think more. So it's gonna be a statewide deal.

**Michael Tran:** we saw this when Ps business parks got bought out by Blackstone.

**Michael Tran:** and that's kind of a segue into like.

**Michael Tran:** you know, another topic. But to give you some perspective on that you know. Ps business Park had a great brand.

**Michael Tran:** And you know, they just wanted to buy basically a business and a brand that was very familiar across several asset. No, not several sorry the whole state. And so that's what a lot of these guys who are buying this.

**Michael Tran:** They just want to buy the same product that's replicated over and over and over. That's a brand, and they just want to gain market share. So that's where the cap rate compression will come from is from buying a whole package of buildings, which is what a lot of these high level real estate funds are doing right now.

**Michael Tran:** buying a lot of these off of us.

**Michael Tran:** They're gonna brand them. They're gonna package them up here into 5 to 8 years, and they're gonna sell it off to institution. And that's where your cap rate compression will come from is selling a brand and a similar product that they can just, you know, take

**Michael Tran:** day one, and start operating immediately, almost like a business.

**Dan Breslin:** And that's like the institutional buyer

**Dan Breslin:** is paying the more rich price of the lower cap rate because they're buying the brand.

**Dan Breslin:** And in your opinion. What does the trend line look like on the institutional appetite for this kind of product? You just mentioned? The Blackstone deal at Ps business Park. But are you seeing any other interest from other institutional level buyers.

**Michael Tran:** Yeah, I mean, they're walking through our offices every day. And so, you know, when they come by, they're like.

**Michael Tran:** Hey, we wanna look to get into this flex stuff, you know.

**Michael Tran:** you know, we have a lot of office that we're gonna unload. And we've been hearing you guys do a lot of the flex stuff.

**Michael Tran:** And this is a pretty big group. But they're like, Hey, can you start sending us this stuff? You know, even metal is okay. There, you know, we have groups that are, you know, usually more core asset buyers are like, Hey, we're hearing about this flex stuff. We we've talked to our board already. A lot of them are very comfortable with the asset. They're familiar with it.

**Michael Tran:** Start sending us the stuff. So yeah, it it's gonna grow here very soon. And it's being talked about on all different levels of institutions from low to high ones. And we're starting to see them come through more and more with questions on this, and how to operate it.

**Michael Tran:** Is what we've been seeing for the last 3 years.

**Dan Breslin:** So before 3 years they weren't asking about this conversation, this trend really wasn't there?

**Dan Breslin:** If you had to guess. You know. What do you think that cap rate on our example that we said 7 and a half when it's stable? What do you think that was 4 or 5 years ago, right before Covid.

**Michael Tran:** Before Covid like, if we were selling that deal in in like what year specifically.

**Dan Breslin:** 2019 yeah.

**Michael Tran:** Oh, 2019. Okay, yeah. Yeah. So back in 2019, there's this deal was probably at like a 8.

**Michael Tran:** Yeah, we. I sold several flex parks around an 8, 8 and a half cap.

**Dan Breslin:** And that was in an environment where the interest rates were probably 4 and a half or 5%

**Dan Breslin:** in 2019.

**Michael Tran:** Yeah.

**Dan Breslin:** Yeah. So you're talking about, you know, the spread from the interest

**Dan Breslin:** of 5%. And they're selling at an 8%. You got a 3% spread

**Dan Breslin:** on the investment. And now we're at like 6% interest and a 7 and a half cap. So we're talking about a 1 and a half spread. So in a sense, we have, like even more

**Dan Breslin:** compression, it already took place

**Dan Breslin:** in the market right now, as we speak, and this is the same trend. I'm spending a lot of time on this, but this is the same trend

**Dan Breslin:** that multifamily experience from about like 2011 through. Probably

**Dan Breslin:** I mean it probably was right up until the middle of 2022, when the last of the low interest rate loans went to settlement, and then the cap rate was done compressing at that point, and we're all aware of what's been taking place in multifamily, there's headwinds for multifamily.

**Dan Breslin:** I think it's still a great asset class, and there's still returns to be had there. But the cap rate compression cycle certainly made a lot of groups

**Dan Breslin:** and investors

**Dan Breslin:** look a lot smarter and generate a percentage more profits than they would have otherwise if it wasn't for the compression. But part of the investment cycle is trying to be on the right side

**Dan Breslin:** of the cap rate compression. And we saw that same thing

**Dan Breslin:** unfolding self storage like I had just mentioned

**Dan Breslin:** from 2016 2017 through Covid. It's it's kind of

**Dan Breslin:** softened a little bit. But one of the examples people probably would relate to easily who aren't in the industrial space is like, you've seen extra space. You've seen public storage. These are big

**Dan Breslin:** institutional buyers, and we're doing the same thing. That's why we're building 400,000 square feet of self storage like we originally did that, so that we may potentially be able to package the brand

**Dan Breslin:** and sell it to the institutional buyer. The appetite's a little cooler now that the cycle has changed. But hey, we're fine. We'll wait 810-12-1520 years. We'll be the institutional buyer and just sit on it forever if we have to. We like our assets, and we feel like we've chosen

**Dan Breslin:** solid locations. So it's interesting being on the right side of

**Dan Breslin:** when the assets like trend following right in the market.

Sometimes the value goes up, and a person says.

**Dan Breslin:** Oh, I don't want to buy. Look how cheap it was 6 months ago.

There's no way the price is going to come down.

**Dan Breslin:** but many investors see the trend and starts to go up and say, Oh, it has a lot further to go up. And so they justify paying that higher price. You have to be careful. It's a dangerous situation, because you don't want to be paying the high price in 2022 for multifamily, right before the trend goes in the opposite direction. But if you're buying anywhere in that

**Dan Breslin:** 10 year period prior, in multifamily.

**Dan Breslin:** you didn't, you could have made some mistakes, and the trend sort of helped you correct them. So I think we're in the trend now

**Dan Breslin:** with this multi-tenant flex. How far would you see the trend going.

**Michael Tran:** I think we've got

**Michael Tran:** another good

**Michael Tran:** 8 years on this product. It's got a lot of runway. There's not enough of it.

**Michael Tran:** you know I will say we have seen people lose on these, you know. No, no investment is ever guaranteed. But you know, as long as you're building in the right areas. And we're we're just so keen on that just because.

**Michael Tran:** you know, when markets get flooded

**Michael Tran:** and certain people build in certain markets where

**Michael Tran:** they've been doing this for a long time. They don't need that return. They're just happy to get their, you know, 5% return. I've talked to a guy

**Michael Tran:** in the South, like Dallas area, who keeps building more and more, and I'm like

**Michael Tran:** Dude you can

**Michael Tran:** I? I can sell you one with a better return than you building this at what you're leasing it at. And he's like, Yeah, I know. But I'm just older and like this gives me something to do. And

**Michael Tran:** I was like, I mean, I get it. But also like you're hurting the market down here by keeping these rates so low because you could beat anybody out on price just because, you know, he's already done so much of this stuff. And so you, you just want to avoid areas like that when you, when you're trying to build this this kind of product.

**Dan Breslin:** Yeah, that guy sounds like he's dangerous to everybody else around him. He's probably sitting at home

**Dan Breslin:** relishing the competition and loving the idea of undercutting everyone else in the market and getting a kick out of that. Yeah, he's winning. But at you know at what cost.

**Michael Tran:** Yeah.

**Dan Breslin:** It's interesting. So he's not necessarily, maybe motivated by the money. Maybe he's motivated by sheer competition.

**Michael Tran:** Ye? Yeah. And you know it's not just him. There's like other guys in South Fort Worth who are doing this stuff, too, and

**Michael Tran:** same deal. He

**Michael Tran:** he's a \$10 growth across the board, and he does not implement triple nets, and he is

**Michael Tran:** ravaged this market, and he has so much more room to build, and

**Michael Tran:** it's hurting everybody we

**Michael Tran:** I'll give you a deal story on this one we sold the park down there also 60,000 feet.

**Michael Tran:** And also that's actually the perfect like

**Michael Tran:** sale size for one of these parks. By the way, so anything between you know, 40 to 70,000 feet is probably the best, like high, like largest buyer pool for this stuff.

**Michael Tran:** anyway, back to my point on this deal.

**Michael Tran:** this guy we sold this park for him. You know he's getting \$12 triple net across the board.

**Michael Tran:** This guy that I just told you about entered the market

**Michael Tran:** has built probably

**Michael Tran:** 80,000 feet already, and he has room for another 60, 70,000 feet.

**Michael Tran:** He has come in. He has implemented his business plan to do \$10

**Michael Tran:** growth across the board.

**Dan Breslin:** Wow!

**Michael Tran:** And it has driven this \$12 triple net park

**Michael Tran:** backwards into a \$9 triple net park.

**Michael Tran:** And so

**Michael Tran:** you know, we've advised that this owner should release everything as much as they can get it, you know, fully occupied, and probably sell this park and move their funds to a different one just because of.

**Michael Tran:** you know the way that market is trending.

**Dan Breslin:** What kind of money does it take for someone to get involved? We had someone listening right now, and you know, we talked a lot of numbers, a couple square foot prices and cap rates. But

**Dan Breslin:** maybe

**Dan Breslin:** if if we were to buy a 60,000 square foot deal 40 to 70 k. Square feet. What do you think the purchase price might be on something that's available? Now, what kind of down payment does somebody need? And do they need to have like portfolio experience in order to get the loan? Or do you happen to have lenders where, if someone has the down payment and the deal and the management set up, we'd be able to get them done.

**Michael Tran:** Oh, yeah, I mean, you know, we have the call yours mortgage team here, you know, we can get you guys in touch with them. But we also know a ton of lenders who are happy to lend on this product versus, like, you

know, office, or something like that. But typically right now, we're seeing at minimum 40% down

**Michael Tran:** on any flex deal.

**Dan Breslin:** Do you feel like that's high or low.

**Michael Tran:** I think that's the that's been the going forward average for the last few years.

**Michael Tran:** you know, before it was around 30% down.

**Dan Breslin:** And what's the purchase price of something like that? Is this a 5, a 10 million dollars asset.

**Michael Tran:** So for any park, let's just do this one. I just give you an example of that. One's probably a hundred \$15 square foot deal.

**Michael Tran:** But we've seen these go up to, you know.

**Michael Tran:** you know, 8 million or so sometimes.

**Dan Breslin:** So at 11560,000 square feet is a 6.9 million dollar deal.

**Dan Breslin:** Yeah. So you would need

**Dan Breslin:** somewhere around 3 million by the time you pay the closing cost to get the settlement on that. Yep.

**Dan Breslin:** Do you know what the cash on cash for? Someone like that is, if you put that together.

**Michael Tran:** You know, each deal is different. We've seen, I think,

**Michael Tran:** 7 to 8%,

**Michael Tran:** I think.

**Michael Tran:** Don't quote me on that.

**Dan Breslin:** Okay? All right.

**Dan Breslin:** And again, we're talking stable asset with without the value. Add, do you have a decent percentage like most of my listeners are.

**Dan Breslin:** buy, buy a deal, put money into the deal, push the value kind of like the value, add one that we discussed a little while ago. Do you have deals of that nature that come across your desk.

**Michael Tran:** Like super good value, add deals.

**Dan Breslin:** I mean, it might not be the home run we talked about where he's getting a 50% push in value. But yeah, value add deals where you can, you know, boost the value, and then maybe refinance a percentage of your down payment back out. If you were going to hold it long. Term.

**Michael Tran:** There's a lot of those in Dfw. Have been scooped up. I will tell you that. But there's you'll find maybe a needle in a haystack here, there, but there's not a lot left but there's still good deals out here, I see, you know. If you're building in the right markets like I keep harping on you'll and you can differentiate yourself from competition.

**Michael Tran:** like an amenity we've seen people add is like side yards

**Michael Tran:** to their space. I think you have that long yards episode.

**Dan Breslin:** Oh, yeah. Yeah.

**Michael Tran:** Yeah, basically, that. But next to your warehouse space.

**Michael Tran:** we'll see guys pay a lot of money just to have that side yard with their business. And you can.

**Michael Tran:** You can really steal tenants from other parks into yours, and you can actually get a premium on add, by adding those into your park. If you have the room.

**Dan Breslin:** What are they putting in there, I mean, are they parking trucks out there? What's the main use of the yard?

**Michael Tran:** Yeah, yeah. So we've actually seen a lot of guys, they'll put like, yeah, transportation companies. We'll see plumbing guys. They'll just put some product out there we've seen, you know, and we don't like leasing to auto users. But you know, sometimes we'll have them in there. You know, we've got landscaping guys who can keep stuff outside same for concrete.

**Michael Tran:** And so it's it's been a very good amenity to have. And I'll give you another deal story real quick on this one. So same street.

**Michael Tran:** Same deal, one park, gravel driveways, but every single building had a side yard

**Michael Tran:** getting \$14 triple net.

**Michael Tran:** 4 buildings on a corner that same street, every other metal business park.

**Michael Tran:** I sold the 8 buildings on that one. They were 9 to \$10. Gross

**Michael Tran:** couldn't even get triple net

**Michael Tran:** They had much harder time leasing.

**Michael Tran:** And they also as of today, I think they're about 50% leased

**Michael Tran:** versus the other guy who's been only doing one year leases and renewing

**Michael Tran:** and increasing rates every year and has never had a tenant leave. So

**Michael Tran:** you need to find kind of stuff like that in markets that don't have it yet.

**Michael Tran:** I will say side yards haven't been implemented as much as they've been

**Michael Tran:** needed, or the demand for. And so that's where you can really

**Michael Tran:** make some money on those deals.

**Dan Breslin:** I mean.

**Michael Tran:** We only.

**Dan Breslin:** The only question is, you say it hasn't been implemented. Is that because of the restriction and constrained nature of the lot is too tight where the building is, and there's nowhere like, what are you gonna do? You're gonna tear down a Cvs next door to put side lots that's never gonna make any sense. Right? So.

**Michael Tran:** Right.

**Dan Breslin:** Why hasn't it been implemented? Is the land simply not there, or have owners not had the thought to put the fencing up and kind of chop that area. What would be the predominant reason.

**Michael Tran:** It's been because a lot of owners have been trying to get the lot coverage

**Michael Tran:** and so you know, typically, it's about 30% lot coverage. But a lot of them just try to get more square footage on. And what they don't realize is having that amenity, or even like, if you have some frontage, we've, you know, seen guys put showroom glass, dress it up a little bit, and that'll really get them their rental rates. They're looking for. If they've got a little bit of retail frontage, they can charge a little bit more for that.

**Michael Tran:** We've seen, you know, higher, clear heights as well become a big amenity recently.

**Michael Tran:** And so

**Michael Tran:** building a little bit.

**Dan Breslin:** Smaller spaces. What clear heights do you mean like what is 12?

The average? But what is what is the high one you're seeing.

**Michael Tran:** 14 to 16 is the average. And then for the high, we're starting to see

**Michael Tran:** 22 to, you know, 28 feet.

**Michael Tran:** and.

**Dan Breslin:** And it's more to build.

**Michael Tran:** Yeah, more to build. But also your tenant pool increases.

Actually, when you build higher on your clear height. We've actually

**Michael Tran:** a developer I'm working with down in Houston.

**Michael Tran:** Just called him. One day I was catching up with him after thorough conference. And

**Michael Tran:** I said, Hey, you're you're like the only guy out here building with higher ceiling heights other than one other group in North Houston

**Michael Tran:** that, I said, have you ever gotten a call

**Michael Tran:** from a pickleball facility.

**Michael Tran:** And he's like.

**Michael Tran:** I have gotten like 4 or 5 calls this last week alone

**Michael Tran:** for pickleball. And I was like.

**Michael Tran:** yeah, cause. It's happening up here in Dfw. But nobody in Dfw. Is doing high enough clear heights. There's only one group that is, and

**Michael Tran:** you know it's been a very high demand

**Michael Tran:** tenant that's been coming in looking for, you know, almost like a build to suit pickleball facility.

**Dan Breslin:** Yeah, it's a trend I'm hearing a lot about. So you're a competitive tennis player. If I remember correctly. Right? You like tennis.

**Michael Tran:** I am. I am very big on the tennis. Yeah.

**Dan Breslin:** Right. So what is your opinion on this whole pickleball thing? Is this like a progression? As you get older from tennis? You do that? Or is this a fad? Is there some large private equity firm backing some franchises? And this thing's gonna like fizzle out later, like, what's the story with pickleball? Michael.

**Michael Tran:** You know, 4, 4 or 5 years ago I would have laughed at you if you, said Pickles here to stay.

**Michael Tran:** It's definitely here to stay. I think tennis players

**Michael Tran:** need to be more open to it, and learn how to coexist with pickleball.

**Michael Tran:** there's actually another very popular one in like South America and Europe called paddle tennis.

**Michael Tran:** which is played in like a fish box.

**Michael Tran:** and you can play off the walls almost like squash.

**Michael Tran:** and that one is also gonna be added on

**Michael Tran:** to the competition as well, because it's slower than tennis.

**Michael Tran:** but faster than pickleball.

**Michael Tran:** So I could see all 3 being required at every club moving forward.

**Michael Tran:** But back to your question about pickleball.

**Michael Tran:** Yes, as you know, I just turned 33

**Michael Tran:** body is starting to break down.

**Michael Tran:** I'll play a little bit of pickleball here and there, and when I say a little bit I am probably playing once or twice a month.

**Michael Tran:** and only when when asked at like networking events to play so

**Michael Tran:** And I do like it, I think it's fun. I think it's a fun game. You know it's not my preferred workout. I think you know, tennis is a little bit more physically demanding which is what I need for now, but I think eventually I will, you know, transition into pickleball, you know, maybe like 2 days a week, and then tennis, like the other 3 or 4, or you know, it just really depends. But I do like the sport.

**Michael Tran:** I think there is a it's a different pace, a different level. It's a different game altogether, but I do like it, and I think you know it. You need to just learn to coexist with the pickleball people, and it is a loud noise.

**Michael Tran:** but overall it's it's here forever, and it's here to stay.

**Dan Breslin:** Yeah, it's interesting.

**Dan Breslin:** I haven't had a chance to hear anybody who's avid tennis player describe it to me yet. I've only heard the landlords who are getting the calls, and yeah, they're paying 8 bucks a foot or whatever it was. You hear the I've heard the economics, but not the tennis players take, so I appreciate you.

**Michael Tran:** Yeah, no, they'll pay higher than 8 bucks a foot. I think the one up here is paying like 15 triple net.

**Dan Breslin:** Wow!

**Michael Tran:** Yeah, they've got a subscription model. You pay annually for your membership.

**Michael Tran:** and you get access to like 4, 4 or 5 courts covered indoors all year, and

**Michael Tran:** They've got it kind of set up almost like. Have you heard of chicken and pickle? Do you have one up there yet?

**Dan Breslin:** I do not. No, we we have not. I don't know about it. If it's here.

**Michael Tran:** Okay it. It is very popular. I think they started in Kansas, and

**Michael Tran:** they are growing like rapid fire, and they are building everywhere as far as I heard, and

**Michael Tran:** I wouldn't be surprised if you got one up there very soon.

**Dan Breslin:** All right, I'll have to keep my eye out. I've had knee issues for the past couple years, and I'm like 95% healed. So I'm looking forward to maybe trying out pickleball, getting back out on the skis, maybe taking some runs here. There. I'm just. I'm kind of waiting and nervous with the knee until it's like 105% before I like. Put it through those kind of paces again. But.

**Michael Tran:** Oh, yeah, yeah, never Russian injury. I I have a tear in my ankle right now, and I'm just doing a ton of Pt. Till I get back and can play full on. So yeah, I'm right there with you.

**Dan Breslin:** Nice, nice, cool Michael. Last couple questions here as we wrap up any book recommendations you might make that happen to do with our topics that we talked about today, or maybe just impactful in your life overall.

**Michael Tran:** Yeah. So I've got 3 here, actually, that I'm currently reading

**Michael Tran:** so one I actually wrote it with my team. So flex face domination.

**Michael Tran:** We.

**Dan Breslin:** This one.

**Michael Tran:** Yeah.

**Michael Tran:** yeah.

**Michael Tran:** yeah. So Cody, Austin and I, we have spoke to so many developers in the last 2 years

**Michael Tran:** last year. We're like man. We need to buckle down and just write this thing because we're answering so many questions.

**Michael Tran:** And so we wrote this for the new developer, or anybody looking to get into it, or even if you're already in Flex, you know, we like getting feedback on this book.

**Michael Tran:** And so

**Michael Tran:** you know, we I wrote the leasing section. Because I was big on that and also a little bit on the branding side. But yeah, make sure you check this book out because we tried to make it very easy to read

**Michael Tran:** very relatable. And also just, you know, something to get everybody started in this space just because we need more of the stuff to sell

**Michael Tran:** and then moving on to the.

**Dan Breslin:** The irony if I could interrupt is

**Dan Breslin:** I didn't buy that because you were coming on the show, and I didn't put it on my desk because we were talking about this today. I somehow found that book on my own and then ordered it. And it's like on my desk as one of the next ones in line, so that was not

**Dan Breslin:** for that to be on the desk.

**Michael Tran:** Oh, man, damn thank you, we do. We'll send you 20 bucks back after the show man.

**Dan Breslin:** That's cool. That's cool.

**Dan Breslin:** Good.

**Michael Tran:** You could, you could have just asked. We'll ship one to you, too.  
And then another book I'm reading just because

**Michael Tran:** my fiance is pregnant.

**Michael Tran:** and so.

**Dan Breslin:** Congratulations.

**Michael Tran:** Man. It's been very hard decoding her. So right now I'm reading emotional intelligence. 2 point 0

**Michael Tran:** it's just me trying to be a better partner trying to understand her a little bit better. It's just been good to kind of. I I think it helps in business, too, you know, when you're sitting there, and you're trying to read everybody in the room. And you know now that I kind of mentioned, you know we're we're working with more institutions.

**Michael Tran:** you know a lot of them are very straight, faith, and

**Michael Tran:** like, you never know, like

**Michael Tran:** how you're doing in the meeting until you know you, you read something like this where you're like, oh, okay, like.

**Michael Tran:** you know, they're just more listening. Or you know, they're at this stage where they're like trying to figure out, okay, are you the best team to go with versus like another team? Or what about you guys make you makes you different, you know, who's more creative. That's what we try to really show, you know, when we're definitely pitching on a deal.

**Michael Tran:** and then also, right now, I'm also reading dude. You're gonna be a dad.

**Michael Tran:** I you know my family. They're like, Hey, you're like, 10 years late to having a kid. We've been. We've been very worried about you. And they're

like, you know, we thought you were never gonna really settle down and find somebody that you really liked. And

**Michael Tran:** so this book has really helped me also understand what you know my fiancée is going through how she's feeling each day. I'm really big on understanding people and getting to know people on a better level. And so this really helps when

**Michael Tran:** I you know.

**Michael Tran:** I just see what she's going through right, and but I don't know internally what she's thinking. I don't know how she's feeling each day for sure. It's just more of like.

**Michael Tran:** Hey, I'm throwing up. She's she's been throwing up every day ever since, you know, and it's just been day by day for her. And you know I'm just trying to understand what's going on in her body to try to make sure I'm providing

**Michael Tran:** whatever I can the best of my knowledge for her. And so

**Michael Tran:** this book has been saving me a little bit because she's like, Oh, you're reading this book for me, you know. It also gets me some Brownie points out there, too. So definitely recommend this book. Because if you're stressed at home.

**Michael Tran:** you don't want to bring that to the office with you, and you know you always want to keep that stuff separate, but it it's good to have, just because, you know, I really like that. It's helped me just always be positive at home for her, and then also at work. You know, I I never have to really worry about what's gonna go have go on at home, and it's just helped me a lot on the business side, too.

**Dan Breslin:** Do you know whether you're having a boy or a girl yet?

**Michael Tran:** So 2 weeks ago we found out we're having a boy.

**Dan Breslin:** All right.

**Michael Tran:** Yeah, yeah, so it it. Yeah. Everybody's excited. You know. All my friends thought I was having a girl we had like a guest board, and turns out, you know. Lucky me, I'm having a boy.

**Dan Breslin:** Nice. Yeah, you'd be lucky either way. But

**Michael Tran:** I just want a healthy kid, you know.

**Dan Breslin:** That's right.

**Michael Tran:** Fingers. 10 toes. I'm happy.

**Dan Breslin:** Yeah, cool. Good. Your life is going to change. It's going to be fun, very rewarding sense purpose. Yeah, very excited for you on that path.

**Michael Tran:** Yeah, thank you. Dan.

**Dan Breslin:** Michael, the crown jewel of wisdom. If you could go back and share with yourself. Day one in the real estate industry, the crown jewel of wisdom. What would that be?

**Michael Tran:** So

**Michael Tran:** if I knew what I knew now, I would tell Young me

**Michael Tran:** to definitely specialize

**Michael Tran:** in a asset and a product.

**Michael Tran:** You know Dallas is a very competitive market.

**Michael Tran:** and

**Michael Tran:** I I love this market. You know it's it's really shown me. You know, you have to really keep your head down. You have to put in the hours.

**Michael Tran:** And I didn't specialize getting into this industry.

**Michael Tran:** I was generalist, and a lot of people didn't take me seriously when I got in the business, because I was doing everything.

**Michael Tran:** and even my competitors

**Michael Tran:** that we're specializing

**Michael Tran:** are also former collegiate athletes.

**Michael Tran:** And so, you know, a lot of former athletes are in this industry, and we all like to compete. And

**Michael Tran:** you know, imagine having a d 1

**Michael Tran:** athlete specialize in one asset, and then you have a teammate of his who knows that I'm spread thin, working on 2 assets and then looking to get into a 3, rd because I was told, hey, maybe you should work on all 3

**Michael Tran:** to hedge your risk when you you know when the market goes down. But

**Michael Tran:** when you're playing defense against 2D. 1 level guys

**Michael Tran:** on all your listings, it is not a fun life.

**Michael Tran:** And once I just switched to the industrial side. It's been so much less stressful. I have less gray hair. Life's really good. I

**Michael Tran:** I can just track one thing throughout Texas and not stress. And I, you know I can pick up a lot more that way just by being so specialized. My conversations are the same.

**Michael Tran:** It's just a way. Better way to live life in this industry when you can just focus on one asset and one goal and just selling and bringing more buyers into the space.

**Dan Breslin:** Nice before I ask my final question. Michael, is there any contact information you'd like to share.

**Michael Tran:** Yeah. So I'm sure it'll be shared on the show notes. But you know, you can reach me anywhere. LinkedIn, cell phone is (817) 501-0024. Our team is also big on Twitter, or I mean X, and also on Instagram as well, so my Instagram is Michael trans. Cre.

**Michael Tran:** and my LinkedIn is Michael Tran, dfw, so feel free to reach out anytime with any questions

**Michael Tran:** happy to help out any way I can.

**Dan Breslin:** And my final question is, what is the kindest thing anyone has ever done for you.

**Michael Tran:** The kind of thing anybody's ever done for me. Actually, you know, my 1st mentor in this industry

**Michael Tran:** brought me in, even though you know I wasn't your typical commercial real estate, Guy.

**Michael Tran:** he even hired me

**Michael Tran:** when I was as monotone and as boring as I was in the interview I showed no, you know character or anything like that. And

**Michael Tran:** you know, as he got to know me over the years, he actually said, hey, you should

**Michael Tran:** be more yourself, because you're actually kind of funny.

**Michael Tran:** and

**Michael Tran:** I think a lot of your clients will see that in you, but also see that you're also a very good advisor, and that you're going to be looking out for their best interest. And he really taught me.

**Michael Tran:** hey? Like.

**Michael Tran:** be work more within yourself

**Michael Tran:** and within, like what you trust, and who you are as a person and when I started doing that, and being more myself.

**Michael Tran:** Because I always thought like you had to have an image in this industry. But once, he told me like, Hey, you should just be yourself. My business like triple

**Michael Tran:** because of that. That one thing he told me to focus on it. It was crazy to me. I I never thought it happened.

**Dan Breslin:** And you were just looking at all those institutional guys with the straight face and the monotone voice copying them. Huh!

**Michael Tran:** Yeah, yeah, exactly. And and now they're like, do we remember you because you are different? And you got your whole team is different. Like.

**Michael Tran:** you know, they may call me the diversity hire on the team, but also it's just it's been good because we all work off each other. We all, you know, get along, and we all hang out after work. And you know our team has a really good bond over here. So it's it's been very good for all 3 of us at this at this firm, together.

**Dan Breslin:** Very cool, Michael. I have like 3 pages of notes here. I'm even more excited now to read flex space domination that I got a chance to like. Hire the contributor to the book. That's very cool, so I appreciate your time and thank you for coming on the show.

**Michael Tran:** Hey, Dan, anytime. Let's talk soon.